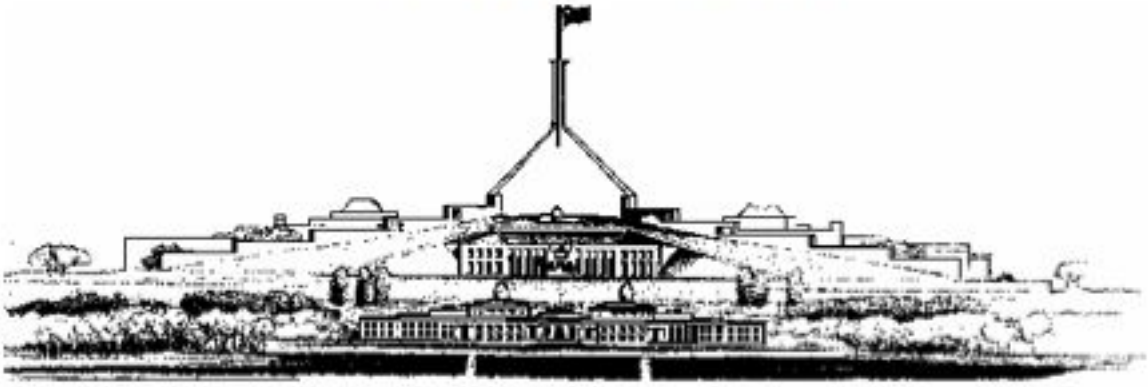
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

Banking Laws Amendment (Unclaimed Money) Bill 2015

Second Reading

SPEECH

Monday, 7 September 2015

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Monday, 7 September 2015	**Source**	House
Page	9195	**Proof**	No
Questioner		**Responder**	
Speaker	Leigh, Andrew, MP	**Question No.**	

Dr LEIGH (Fraser) (13:13): Labor's position is to support the Banking Laws Amendment (Unclaimed Money) Bill 2015, which extends the time that bank accounts and life insurance policies can be inactive before they are transferred to the government from three years to seven years. The principle behind unclaimed money legislation is that customers do not benefit if their savings are eaten away by fees and charges when they are left sitting in a bank for years. According to the Reserve Bank of Australia, in 2014 Australian banks collected over $1 billion in fees from household deposit accounts. We do not want to see bank profits rising simply because Australian savings are shrinking.

When we made this change in 2012, we also determined the Australian government should pay interest on unclaimed money for the first time. Paying interest on the money held for safekeeping protects the value of those savings by ensuring they are not diminished by inflation. Right now, a standard transaction account with one of the big four banks is paying 0.1 per cent interest. Thanks to Labor's decision, accounts held by ASIC are earning interest at a rate linked to the consumer price index. That means that those bank accounts are better off, even before fees and charges, as a result of being held by ASIC. We are also aware that fees and charges can significantly erode accounts. Stories of fees and charges amounting to up to $100 a year have been heard in the past, and that is why unclaimed money legislation exists.

It is important to get the balance right, of course, between protecting the value of people's savings and ensuring that accounts are not claimed incorrectly. Treasury consulted on this issue in 2014, and a majority of the submissions supported a lengthening of the time frame for declaring accounts inactive. Some suggested it should be extended from three years to five years, some from three years to seven years. Labor is always willing to be guided by expertise and feedback from those who work most closely with Australian banking customers. It is vital that we recognise that, for all the schoolyard talk of 'trousering', what we are debating here is the correct duration after which unclaimed money should be moved into ASIC. No-one in this House, I expect, will be arguing that the unclaimed money legislation should be repealed entirely. The question is whether the time frame ought to be three years or seven years, and Labor will support the decision to change that time frame from three years to seven years.

More broadly, Labor wants to see Australians get a fair deal with their banking. That is what motivated the changes to the unclaimed money rules in 2012. It is what has prompted the Leader of the Opposition to recently call for an inquiry into disproportionately high credit card fees. The gap between the two per cent official interest rate set by the Reserve Bank of Australia and credit card interest rates of around 20 per cent is near its highest level ever. This 18 percentage point spread has doubled over the past 25 years and continues to widen. The government's top economic advisers, including Treasury Secretary John Fraser, RBA Deputy Governor Malcolm Edey, APRA Chairman Wayne Byres and ASIC Deputy Chair Peter Kell have all stated that this growing gap is an issue that needs to be investigated. Research from Swinburne University showed that, over the past 23 years, an average of 112 per cent of cash rate rises were passed on to credit card customers but only 53 per cent of rate cuts were. As author Abbas Valadkhani puts it, credit card rates 'go up like a rocket and fall like a feather'.

We do not only want to make sure that Australians avoid unreasonable fees and charges at the bank; Labor also is fighting to protect the Australian people from unfair costs imposed by the Abbott government. We have opposed an unfair GP co-payment, $100,000 degrees and a 15 per cent GST as an unfair tax on the cost of living. Increasing the GST to 15 per cent would see the poorest Australians paying 11 per cent of their income, while the richest would pay less than eight per cent. That would be at odds with what the Prime Minister said before the election, when he said, 'The GST does not change, full stop, end of story.' Similar comments were made by the now Prime Minister on 33 separate occasions before the election. Now, when asked to rule out increasing the GST, the Prime Minister, instead, replies, 'Well, what I'm not going to do is rule out a sensible conversation about a better tax system.'

Australians are increasingly feeling that Mr Abbott's list of promises of things that he would not do is instead turning into a to-do list for things that he will do. Cuts to hospitals, cuts to schools, cuts to the pensions, cuts to the ABC and SBS, and increasing the GST—there is only one thing on that list that has not been done and that is the increase to the GST. We have had an $80 billion cut in funding to schools and hospitals—a cut that was aimed at forcing states and territories to make an argument for an increase in the GST.

The Abbott government is already taxing Australians at higher levels than at any time since the big-spending Howard government—with tax receipts rising each and every year over the budget forward estimates. Labor has been deeply concerned that, since the Abbott government came to office, we have seen a steady trend downwards in annual growth—almost trending downwards in train with the Prime Minister's popularity ratings. Every quarter since the Abbott government's first budget was brought down, we have seen a downgrade in growth. There was nearly three per cent annual growth in the March 2014 quarter. There was below two per cent annual growth in the most recent figures. Unemployment has increased from 5.7 to 6.3 per cent and is now at its highest level in 13 years. We have got consumer sentiment 11 percentage points below where it was at the election and the budget deficit doubled in just the last 12 months.

We know that we need to get growth above three per cent if we are to see unemployment trending downwards rather than upwards. But, while we have got anaemic growth sitting at two per cent or potentially worse—given that the last quarter's figure was only positive as a result of a one-off blip in defence procurement—we know that that is not enough growth to secure a lower unemployment rate rather than a higher unemployment rate. Before the election, the then Leader of the Opposition, Tony Abbott, said:

… I believe that the Coalition I lead understands all of this in the marrow of its bones and that's why I am confident that should there be a change of government later in the year, there will be an instantaneous adrenaline charge in our economy.

But that adrenaline charge has far from been delivered. Instead, we have unemployment going up and confidence going down, and debt going up and the standing of the Australian government in boardrooms around the nation going down. The figures that should be rising are falling, and the figures that should be falling are rising. We had the Treasurer saying that returning the budget to surplus had 'an inescapable moral dimension'.

Before the election, we were told that the budget would be back in surplus in the first year and in every subsequent year after that. Earlier this year, though, Steve Austin, on ABC Brisbane, asked the Treasurer:

What’s the higher priority, delivering personal income tax cuts or returning the Budget to surplus?

The member for North Sydney said:

Well, it's both, Steve.

Steve Austin then asked:

But which is the priority, though?

And the member for North Sydney replied:

We’ve got to try and do both. They’re not mutually exclusive.

So what was to be a moral imperative of returning the budget to surplus has now seen net debt increasing from its levels in the low teens when the government took office to now being projected to peak at 18 per cent of GDP. So the deficit is up and debt is up. If they were driving debt trucks around the country when they were in opposition, they should have debt ocean liners now.

This suggestion that we can return to surplus now finds itself following the almost comical suggestion from the Treasurer and the Prime Minister that there ought to be personal income tax cuts of some $5 billion or $6 billion a year, but with no plan to fund those personal income tax cuts. Bluff and bluster does not balance the budget. We have a Treasurer who has claimed that his own electorate is the home of bulk-billing in Australia when we know that it rates 126th out of 150 electorates; a Treasurer who, while the rest of the world is moving and embracing the growth and jobs benefits of renewable energy, describes the wind turbines around Lake George as 'utterly offensive' and a 'blight on the landscape'; a Treasurer who says that the GP co-payment of $7 is just a couple of

middies of bear; and a Treasurer who, before his first budget, confessed to his authorised biographer, Madonna King, that he wanted to cut harder and cut earlier.

While it is absolutely vital for treasurers to get their numbers right, we have a Treasurer who instead exaggerates the tax paid by higher income households, saying that they pay half their income in tax; whereas, in fact, the highest marginal tax rate is 49c—but only for incomes over $180,000. The suggestion that pensioners are made better off by halving the pension by mid-century is not one that has received universal acclaim from groups like the Council on the Ageing and ACOSS. The idea that poor people do not drive cars suggests a Treasurer who is a fantastically out of touch with the Australian people, as does the proposal that, if housing were unaffordable in Sydney, no-one would be buying it—a logic which can equally be applied to diamond encrusted iPhone covers and any other unaffordable item that you would like to mention.

We have a government with a lack of long-term vision and perspective that has instead moved into the very dangerous territory of playing partisan politics when they are overseas.

The DEPUTY SPEAKER (Mr Broadbent): The member for Fraser is nearly speaking to the bill—nearly.

Dr LEIGH: Thank you for the reminder, Deputy Speaker.

The DEPUTY SPEAKER: And he is setting the pattern for the rest of the debate.

Dr LEIGH: The confidence with which the government approaches the unclaimed money bill is not matched with the confidence that we see when the Treasurer is overseas in discussions with his Chinese counterparts. We know from his comments on ABC *AM* this morning that he was going into those conversations trash talking the Australian union movement and the Australian opposition. The government likes to talk about 'team Australia', but it is hardly team Australia to take your partisan games into an international conversation with our largest trading partner. That is dangerous politics and bad economics, and it signifies so much why the Australian people have lost confidence in this Treasurer and in this government. We need a government with a clear economic plan, with a vision for jobs and growth and with an understanding that the science, technology, engineering and maths jobs of the future need to be underpinned by investment in education—not by cuts, cuts and more cuts.

Labor will be supporting this bill, but we continue, as do the Australian people, to have deep reservations about the economic agenda of this government.